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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 29, 2009

Certified Return Receipt
7003 2260 0002 0247 9017

Loy D. Crapo
The Bug House
350 East 300 South
P.O. Box 1113
Delta, Utah 84624

Subject: Deficient Reclamation Surety, The Bug House, Treasure Chest Mine, S/023/0028 Juab County, Utah

Dear Mr. Crapo:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Treasure Chest Mine. This surety was due for review on June 18, 2009. Your current reclamation surety is \$6000 which the Division is holding in the form of a certificate of deposit. The Division has recalculated the surety based on your permitted area of five acres to be:

\$24,600 escalated for 3 years (surety amount next reviewed in 2012) OR
\$25,200 escalated for 5 years (surety amount next reviewed in 2014)

Note that these figures are based on the current *permitted* area. See the discussion below for information about reducing the required surety.

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

\$18,600 for 3-year escalation OR
\$19,200 for 5-year escalation

I understand a portion of the site has been reclaimed and that the disturbance is now less than five acres. If you want to reduce the required surety, please submit an amendment with a map showing the area you are mining and any additional area that needs to be permitted for future mining. The amendment needs to show the number of current and future disturbed acres, and the Division will determine the surety amount based on these acreage figures and the standard costs per acre shown in the table above. If you submit an amendment, please use form MR-REV-SMO/EXP

If you decide to amend the NOI, please submit the amendment no later than February 15, 2009. The Division will then determine whether additional surety will be required. If you choose not to amend the NOI we will expect the above stated amount to be filed with the Division no later than February 15, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,



Paul Baker
Minerals Program Manager

PBB:jrp
cc: jerry_mansfield@blm.gov
P:\GROUPS\MINERALS\WP\M023-Juab\S0230028-treasurechest\final\escalate-12142009.doc

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number S102310028 Mine Name TREASURE CHEST
Operator THE BUG HOUSE Date Inspected 5-14-09
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE
☒ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description

YEAR-Record Number

☐ NOI ☐ Incoming ☐ Outgoing ☒ Internal ☐ Superceded
INSPECTION REPORT (5-14-09) 2009-0001

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 8 1/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____